

Message Text

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60

ACTION ARA-20

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 SAM-01 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 DRC-01 PA-04 PRS-01

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R 231627Z FEB 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7068

INFO AMEMBASSY SANTIAGO

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY MEXICO

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

1. SUMMARY. REPRESENTATIVES OF THE PARIS CLUB
COUNTRIES (EXCLUDING ITALY) DEVELOPED A DRAFT AGREED
MINUTE ON RESCHEDULING DEBT SERVICE DUE IN 1973 AND
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1974 ON CONTRACTS INCLUDED IN THE 1972 PARIS CLUB

AGREEMENT PLUS SIMILAR OBLIGATIONS INCURRED BETWEEN JANUARY 1, 1971, AND DECEMBER 31, 1973. THE DRAFT MINUTE CALLS FOR PAYMENT OF 5 PERCENT IN 1974, 5 PERCENT IN 1975, 10 PERCENT IN 1976 AND THE REMAINING 80 PERCENT OVER THE NEXT SEVEN YEARS. ANOTHER MEETING TO APPROVE THE FINAL AGREEMENT WILL BE HELD IN NOVEMBER 1974 TO CONSIDER CHILE'S 1975 DEBT AND ITS REQUEST FOR AN EXAMINATION OF ITS LONGER TERM RESCHEDULING NEEDS. END SUMMARY.

2. CHILE AND THE PARTICIPATING PARIS CLUB COUNTRIES (ITALY DID NOT ATTEND AND NORWAY WAS AN OBERVER) DEVELOPED A DRAFT AGREED MINUTE (PROCES-VERBAL) ON FEBRUARY 21-23 SETTING THE TERMS FOR RESCHEDULING THE MATURITIES OF PRINCIPAL AND INTEREST FALLING DUE DURING 1973 AND 1974. A PRESS RELEASE ON THE MEETING IS CONTAINED IN SEPTTEL.

3. REPRESENTATIVES FROM BELGIUM, DENMARK, THE NETHERLANDS AND SWEDEN WERE UNABLE TO COMMIT THEIR GOVERNMENTS, DOMESTIC POLITICAL CONSIDERATIONS, THEY LACKED INSTRUCTIONS. THEY AGREED, HOWEVER, TO RECOMMEND THAT THE DRAFT BE ADOPTED BY THEIR GOVERNMENTS. ANOTHER MEETING WILL BE HELD ON MARCH 25 TO APPROVE THE FINAL AGREEMENT.

4. THE DRAFT MINUTE CALLS FOR A 20 PERCENT DOWNPAYMENT TO BE PAID IN THREE INSTALLMENTS: 5 PERCENT IN 1974, 5 PERCENT IN 1975 AND 10 PERCENT IN 1976. REPAYMENT OF THE REMAINING 80 PERCENT WILL BE MADE IN 14 SEMI-ANNUAL INSTALLMENTS BEGINNING ON JANUARY 1, 1977. INTEREST ON THE RESCHEDULED AMOUNTS WILL BE SET IN THE BILATERAL NEGOTIATIONS IMPLEMENTING THE MULTILATERAL AGREEMENT.

5. EXCLUDED FROM THE RESCHEDULING ARE PREVIOUSLY RESCHEDULED AMOUNTS AND LOANS OF LESS THAN ONE YEAR OR OF FORTY YEARS OR MORE. AFTER HEATED DEBATE AND AT THE SPECIFIC REQUEST OF THE CHILEAN DELEGATION, CONTRACTS CONCLUDED BETWEEN JANUARY 1, 1971, AND DECEMBER 31, 1973 LIMITED OFFICIAL USE

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WERE INCLUDED IN THE RESCHEDULING. THIS INCREASES THE AMOUNT SUBJECT TO RESCHEDULING, BOTH BY PARIS CLUB AND OTHER COUNTRIES, FROM SOME \$400 MILLION TO ABOUT \$490 MILLION.

6. THE DRAFT MINUTE INCORPORATES THE PROVISIONS OF THE 1972 PARIS CLUB AGREEMENT (ARTICLE 4) ON DEBT AND COMPENSATION.

7. THE DRAFT MINUTE ALSO SPECIFIES THAT ANOTHER PARIS CLUB MEETING BE HELD IN NOVEMBER 1974 TO REVIEW CHILE'S ECONOMIC AND FINANCIAL SITUATION, INCLUDING ITS LONGER TERM RESCHEDULING NEEDS, AND TO CONSIDER THE DEBT SERVICE DUE IN 1975.
STONE

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Message Attributes

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Disposition Approved on Date:
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Disposition Date: 28 MAY 2004
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Disposition Reason:
Disposition Remarks:
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